

FISCAL NOTE

HB 776 - SB 1159

February 17, 2005

SUMMARY OF BILL: Amends Hall Income Tax law regarding the distribution of revenue collected from trusts. Changes the definition of residence, as it would apply to a trust, from the city or county in which the trustee resides to the city or county in which the beneficiary resides. For trusts with multiple beneficiaries, the trust shall reside in each city or county in which a Tennessee beneficiary resides. Distribution of revenue would be based on the pro rata share of taxable income to all Tennessee beneficiaries residing in such city or county.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - \$152,000 One-Time

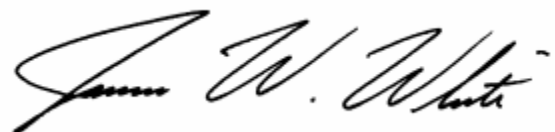
Increase Local Govt. Expenditures – Net Impact – Not Significant

Assumptions:

- Currently, five-eighths (62.5%) of the Hall Income Tax revenue is distributed to the general fund and three-eighths (37.5%) is distributed among the cities and counties. One-third (33.3%) of the three-eighths (37.5%) city and county allocation shall be transmitted to the general fund.
- One-time state expenditures of approximately \$152,000 would be required for computer programming and software modifications for the Department of Revenue.
- No impact to total Hall Income Tax collections.
- No impact to amount distributed to the general fund.
- Significant offsetting entries between cities and counties resulting in a net impact of not significant.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director